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**Nonresident Withholding Installment Sale Agreement****597-I****Attach this form to the back of Form 597-W.****Part I To be completed for an installment sale.**

Name of transferor/seller	Social security number	FEIN
Name of transferee/buyer	Social security number	FEIN
Address of California real estate being sold	Adjusted basis of California real estate being sold	

**Transferor/Seller Agreement**

As a condition to allow a modification to the withholding requirements under California Revenue and Taxation Code (R&TC) Section 18662, the transferor/seller agrees to do the following:

1. File California income tax returns for the year of sale and any year in which principal payments are received on the note;
2. Make estimated income tax payments that reflect the income tax due on principal payments received; and
3. Notify the Franchise Tax Board (FTB) Nonresident Withholding Section of any final payment or disposition of the note.

If the transferor/seller does not comply with the conditions of this agreement, the FTB has the authority to issue assessments, (including penalties and interest) and to enforce collection through, but not limited to, the use of orders to withhold, liens, etc., on the note or any other funds identified by the FTB.



Signature of transferor/seller

Date



Signature of transferor/seller

Date

**General Information****Private Mailbox (PMB) Numbers**

If you lease a private mailbox (PMB) from a private business rather than a PO box from the United States Postal Service, include the box number in the field labeled "PMB no." in the address area.

**Purpose**

Form 597-I, Nonresident Withholding Installment Sale Agreement, is used by a seller to request a reduced withholding amount or waiver based on the fact that the transfer is intended to be an installment sale or an exchange transaction with installment provisions. This form must be attached to Form 597-W, Withholding Exemption Certificate and Nonresident Waiver Request for Real Estate Sales.

For an installment sale of real estate, the transferor/seller must complete and sign Part I.

For an Internal Revenue Code (IRC) Section 1031 exchange of real estate with an installment provision, the transferor/seller and intermediary must complete and sign Part II.

If there is more than one transferor/seller, each transferor/seller requesting a reduced withholding amount and involved with the installment sale must sign the agreement.

**Where to File this Form**

Send completed Form 597-W, Form 597-I, a copy of the installment note, and any questions to:

NONRESIDENT WITHHOLDING SECTION  
FRANCHISE TAX BOARD  
PO BOX 651  
SACRAMENTO CA 95812-0651  
FAX (916) 845-9512 (24 hours a day)

You can download, view, and print California tax forms and publications. Go to our Website at: **www.ftb.ca.gov**

You can also call the nonresident withholding automated telephone service at (888) 792-4900 or (not toll-free) at (916) 845-4900.

**Assistance for persons with disabilities:** The FTB complies with provisions of the Americans with Disabilities Act. Persons with hearing or speech impairments, call:

From voice phone ..... (800) 735-2922  
(California Relay Service)

From TTY/TDD ..... (800) 822-6268  
(Direct line to FTB customer service)

**Asistencia bilingüe en español**

Para obtener servicios en español y asistencia para completar su declaración de impuestos/formularios, llame al número de teléfono (anotado arriba) que le corresponde.

**Part II To be completed for an Internal Revenue Code (IRC) Section 1031 exchange with an installment provision.**

Name of transferor/seller	Social security number	FEIN
Name of transferee/buyer	Social security number	FEIN
Name of intermediary	Daytime telephone no. of intermediary ( )	
Address of intermediary	PMB no.	FAX number of intermediary ( )
Address of California real estate being sold	Adjusted basis of California real estate being sold	
Address or location of replacement real estate		

**Transferor/Seller and Intermediary Agreement**

The undersigned transferor/seller hereby certifies, under penalties of perjury, that it is the intent of the transferor/seller to treat the transfer of this property as part of an IRC Section 1031 exchange.

The parties agree that:

- If the exchange takes place, then the amount required to be withheld will be the lesser of 7% of any cash or cash equivalent (boot) received by the transferor/seller (or beneficiary) or 3 1/3% of the total sales price. Withholding is required only when the amount of the cash or cash equivalent exceeds \$1,500.
- If the exchange does not take place or if the exchange does not qualify for nonrecognition treatment, the amount required to be withheld will be 3 1/3% of the total sales price of the property.

The transferor/seller further agrees to:

- File California income tax returns for the year of sale reporting the transaction and for any year in which principal payments are received on the note;
- Notify the FTB Nonresident Withholding Section if the exchange does not take place or does not qualify for nonrecognition treatment. The transferor/seller must notify the FTB within 10 days after the expiration of the statutory period allowed for exchanges;
- Make estimated tax payments that reflect the tax due on principal payments received; and
- Notify the FTB Nonresident Withholding Section of any final payment or disposition of the note.

The intermediary or other entity in control of the funds agrees to:

- Be liable for withholding the amount specified above; and
- Send all withheld amounts to the FTB using Copy A of Form 597, Nonresident Withholding Tax Statement for Real Estate Sales. Get Form 597 for information on sending the amount withheld.

► \_\_\_\_\_  
Signature of transferor/seller \_\_\_\_\_ Date \_\_\_\_\_

► \_\_\_\_\_  
Signature of transferor/seller \_\_\_\_\_ Date \_\_\_\_\_

► \_\_\_\_\_  
Signature of intermediary \_\_\_\_\_ Date \_\_\_\_\_ Title \_\_\_\_\_